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RAC analysis confirms fuel prices fell by a feather, and didn't fully reflect enormous wholesale price drops

Retailers have failed drivers by not fully reflecting the enormous recent fall in the wholesale price of fuel at the pumps, with drivers of diesel vehicles suffering the most, new [RAC Fuel Watch](#) analysis shows.

Over a nine-week period between mid-October and mid-December 2022, wholesale petrol costs tumbled by 23p per litre yet average pump prices took almost another month to fall by a total of just 18p, after peaking at 166.54p

at the end of October. This was to a large extent influenced by supermarkets not cutting their prices far enough or soon enough – they only reduced their prices by 20p over this period.

Sadly, the situation for drivers of diesel-powered vehicles was far worse. Wholesale prices plummeted by 32p a litre over eight weeks yet average pump prices came down only 20p a litre, after most recently peaking at 190.41p a litre at the end of October.* Average supermarket diesel pump prices fell by the same amount.

The RAC's data shows that price reductions at forecourts ground to a halt this week due to wholesale prices starting to slowly rise again, bringing retailer margins back to more normal, fairer levels. The fear now is that retailers waste no time in putting pump prices back up despite there being no justification for doing so.

By not fully reflecting wholesale price drops and keeping pump prices artificially high, retailers make more money out of drivers from every litre they sell. RAC analysis shows that in 2022, the average retailer margin on petrol was 13.5p a litre (supermarkets 10.8p), significantly higher than the 8.7p it was in 2021 (supermarkets 5.8p). The average diesel margin last year was 10.3p (supermarkets 7.5p), up from 8.8p in 2021 (supermarkets 6p). Prior to the pandemic, in 2019 average retailer margins were just 6.5p for petrol and 6.9p for diesel.

RAC fuel spokesman Simon Williams said:

“Our data shows that when wholesale prices increase, pump prices tend to rise very soon afterwards. Yet, when wholesale prices fall it takes far longer for forecourt prices to come down. This is the ‘feather’ element of what’s commonly known as ‘rocket and feather’ pricing.

“Wholesale fuel prices plummeted from the middle of October last year, yet supermarkets – which dominate fuel retailing in the UK and as a result buy new supplies very frequently – took weeks to begin cutting prices in a serious way. What’s more, not only were they slow to pass on wholesale price reductions, cutting prices by less than 2p a week over the course of three months, they also didn’t go far enough, especially when it came to reducing the price of diesel on their forecourts.

“This is a galling situation for drivers who are struggling more than ever given the impacts of the wider cost-of-living crisis. The question now is whether retailers start to bump up their prices. This will depend on whether they decide to continue enjoying larger margins or let them return to more normal levels. Certainly, looking at current wholesale costs there is absolutely no justification pump prices to rise. If pump prices do rise in the coming days, this will be further evidence of the biggest retailers taking advantage of motorists.

“We urge the Government to focus on ensuring retailers quickly pass on savings to drivers every time there is significant downward movement in the wholesale price of fuel – not just to ensure drivers aren’t treated unfairly, but also because there is a clear correlation between high fuel prices and higher levels of inflation. As the Competition and Markets Authority is currently looking into retail fuel pricing and has even acknowledged the presence of ‘rocket and feather’ pricing, this is the prime time to take action for the benefit of consumers and businesses.”

Pricing analysis – the ‘feather’ in action

All figures in pence per litre

See *RAC Fuel Watch* for more analysis of [UK petrol and diesel prices](#)

The press office email address is press.office@rac.co.uk and media centre is at media.rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

About the RAC

The RAC, an iconic UK brand, provides complete peace of mind to 13 million UK private and business drivers, whatever their motoring needs. As well as its premium nationwide breakdown assistance service – with an expert branded patrol workforce attending more than two million breakdowns every year – it offers a wide range of market-leading products across insurance, legal

services, vehicle inspections and service, maintenance and repair. The RAC is also at the forefront in helping drivers make the switch to electric vehicles and leads in the development of new solutions for businesses and OEMs, partnering with the best in the motoring and mobility space.

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